GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1486
ANSWERED ON:28.11.2000
SUBSIDY ON FERTILIZERS
RAMCHANDRA BAINDA;RAMDAS ATHAWALE

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the subsidy provided on fertilizers during each of last three years;

(b) the demand and requirement of the fertilizers at present in the country and the manner in which the increased demand is met;

(c) the percentage of financial subsidy provided to the fertilizers sector at present;

(d) the subsidy provided/increased on fertilizers during the last three years and upto 31.7.2000 and the subsidy proposed to be provided during the next two years, State-wise;

(e) whether the Government proposed to reduce or withdraw the subsidy from the fertilizers in the near future; and

(f) if so, the details thereof and the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE)

(a) : Urea is the only fertilizer which is under statutory price, distribution and movement control, and is eligible for payment of subsidy under the Retention Price-cum-Subsidy Scheme. Details of subsidy provided on urea during last three years are as follows:

Period	Amount of subsidy on urea (Rs. in crore)
1997-98	7321.96
1998-99	7597.22
1999-2000	8744.07

Apart from subsidy on urea, Union Government also gives concession on sale of de- controlled phosphatic and potassic fertilizers.

(b) : While the demand of nitrogenous and phosphatic fertilizers is met through indigenous production and imports, the entire demand of Muriate of Potash (MOP) is met throughimports as the country does not have any known commercially exploitable reserves of potash.

(c) : Provision made for in the Budget Estimates 2000-2001 on major subsidies whichinclude food, sugar, urea, sale of decontrolled fertilizers, export promotion and market development, interest subsidy and other subsidies is of Rs.22800.29 crore. Out of this, provision for subsidy on fertilizers including the concession on sale of decontrol fertilizers is of Rs.12651.00 crore. Thus, subsidy on fertilizers constitute 55.49% of the major subsidies given by the Central Government.

(d) : Subsidy on urea is paid to the manufacturers of urea, and not to the State Governments. Details of subsidy provided/increased on urea during last three years and upto 31.7.2000 are given in the table below:

S.No.	Period	Amount of subsidy paid on urea (Rs. in crore)	Increase in amount of subsidy over the preceding year (Rs. in crore)	Remarks
1	1997-98	7321.96	1415.88	

2	1998-99	7597.22	275.26	
3	1999-2000	8744.07	1146.85	
4	2000-2001 (upto 31.7.2000)	2325.64		A budgetary provision of Rs.8558 crore has been made for 2000-2001.

Since subsidy is provide year-wise and announced in the Union Budget, amount ofproposed subsidy for next two years can not be indicated.

(e) & (f) : The Government of India has not taken any decision to reduce or withdrawsubsidy from the fertilizers in the near future, however the Government intends to move towards a deregulatory regime in fertilizer sector in a phased manner after taking into account its fiscal capacity on the one hand and making available fertilizers to the farmers to the farmers at affordable prices on the other.